

2013 DRAFTING REQUEST

Assembly Substitute Amendment (ASA-AB23)

Received:	3/7/2013	Received By:	pgrant
Wanted:	As time permits	Same as LRB:	
For:	Jeremy Thiesfeldt (608) 266-3156	By/Representing:	Hariah
May Contact:		Drafter:	pgrant
Subject:	Education - school boards Higher Education - tech. college Local Gov't - counties Local Gov't - munis generally	Addl. Drafters:	emueller
		Extra Copies:	MES TKK FFK MDK

Submit via email: **YES**
Requester's email: **Rep.Thiesfeldt@legis.wisconsin.gov**
Carbon copy (CC) to:

Pre Topic:

No specific pre topic given

Topic:

Funding of postemployment health care benefits

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pgrant 3/7/2013	kfollett 3/7/2013	phenry 3/8/2013	_____			
/1	pgrant 3/18/2013	kfollett 3/18/2013	jmurphy 3/18/2013	_____	sbasford 3/8/2013	sbasford 3/8/2013	

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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/2

_____	srose
_____	3/18/2013

srose
3/18/2013

FE Sent For:

<END>

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/1		12/5 3/18	Jim 3/18	self	sbasford 3/8/2013	sbasford 3/8/2013	

FE Sent For:

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/?	pgrant	11/5f 3/17	3/8 ph	ph			
FE Sent For:							

<END>

Harrah
Thierfelder

3/7/13

do ASHB to AB 23

1. - incl. 20218

2. - Δ date to 2015

3. -

have a pot of \$ - get rid of OPEB

what ^{to} do w/ \$? no raids!

city council eg.

At pt of dissolution of OPEB or specific category
of OPEB, difference in funding shall be paid
out to the ~~entire~~ currently employed
recipients on a pro-rata basis based on
time employed.

-(WR)-

if dissolved ^{res} acct must be
equitably ~~distribute~~ divided among the

(plan) ~~retiree~~ beneficiaries of that plan &
current employees

Grant, Peter

From: Grant, Peter
Sent: Thursday, March 07, 2013 1:01 PM
To: Hutkowski, Hariah
Subject: RE: Sub to AB 23

Hariah, instead of adding that language, what if we just deleted "hired on or after January 1, 2015"? It would read like this:

If the [district board, political subdivision, or school board] dissolves the segregated account or any portion of the segregated account, the [district board, political subdivision, or school board] shall provide for the equitable distribution of the proceeds among the employees who are beneficiaries of the benefits funded from the segregated account established under this subsection.

yes

That would capture all the employees, regardless of when they were hired, who are beneficiaries of the benefits of the segregated account created under the bill.

One question about your voice mail: when you said that *munis* with fewer than 10 employees should be exempt, did you mean *all entities* covered by the bill? So any tech college district board, school board, city, village, town, or county would be exempt from the bill's requirements if it has fewer than 10 employees? Oh wait, another question just occurred to me. What happens if a village has 10 employees when the bill is enacted, but next year eliminates one position? Must it continue to fully fund the benefits?

NO, BUT dissolution provision still applies.

Peter

From: Hutkowski, Hariah
Sent: Thursday, March 07, 2013 11:01 AM
To: Grant, Peter
Subject: RE: Sub to AB 23

I like it, but I thought of another angle. What if the muni grafts the older employees into the new actuarial funding or they already actuarial fund their employees?

Add a provision that would state, "unless the subdivision incorporates those previous employees into the segregated fund."

Hariah Hutkowski
Research Assistant
Rep. Thiesfeldt's office
1-888-529-0052
FAX: 608-282-3652

From: Grant, Peter
Sent: Thursday, March 07, 2013 10:47 AM
To: Hutkowski, Hariah
Subject: RE: Sub to AB 23

OK, how about this:

If the [district board, political subdivision, or school board] dissolves the segregated account or any portion of the segregated account, the [district board, political subdivision, or school board] shall provide for the equitable distribution of the proceeds among the employees hired on or after January 1, 2015, who are beneficiaries of the benefits funded from the segregated account established under this subsection.

From: Hutkowski, Hariah
Sent: Thursday, March 07, 2013 10:31 AM
To: Grant, Peter
Subject: RE: Sub to AB 23

One could argue that the "pay-as-you-go" beneficiaries could dip into the segregated pot. We only want those that contributed and would get paid from that account. These muni's will have two systems to do while it is being phased in over 20-30 years, they will continue the pay as you go until everyone of the current employees is retired and done with their OPEB's. They will have the new pot of people. Maybe we say it the other way, "every current employee prior to January 1, 2015 who will draw a compensated absence will not be able to retain any portion of the segregated fund if dissolved."

Accumulation works.

Kick those ideas around.

Hariah Hutkowski
Research Assistant
Rep. Thiesfeldt's office
1-888-529-0052
FAX: 608-282-3652

From: Grant, Peter
Sent: Thursday, March 07, 2013 10:22 AM
To: Hutkowski, Hariah
Subject: RE: Sub to AB 23

Doesn't the use of the term "beneficiaries" take care of that? I could turn it around to emphasize that word by saying "...provide for the equitable distribution of the proceeds among the retired and current employees who are beneficiaries." Would that be okay?

If not, then looking at your suggestion, I'm unsure of the term "calculation." Do people "participate" in a *calculation*? How about "...who participated in the accumulation of the segregated fund"?

From: Hutkowski, Hariah
Sent: Thursday, March 07, 2013 10:16 AM
To: Grant, Peter
Subject: RE: Sub to AB 23

- We have to specify that the "retired and current participating employees that participated in the calculation of the segregated fund."

Hariah Hutkowski
Research Assistant
Rep. Thiesfeldt's office
1-888-529-0052
FAX: 608-282-3652

From: Grant, Peter
Sent: Thursday, March 07, 2013 10:08 AM
To: Hutkowski, Hariah
Subject: Sub to AB 23

Hariah, here's some suggested language. Let me know what you think.

If the [district board, political subdivision, or school board] dissolves the segregated account or any portion of the segregated account, the [district board, political subdivision, or school board] shall provide for the equitable distribution of the proceeds among the beneficiaries, including both retired and current employees.

Peter



State of Wisconsin
2013 - 2014 LEGISLATURE

FRIDAY
3/8



LRB-0621/1
PG&EVM:kjfrs

LRB 0021/1
PG&EVM: kjf

A. SUB ST. AMDT. —
TO 2013 ASSEMBLY BILL 23

February 15, 2013 – Introduced by Representatives THIESFELDT, NASS, LEMAHIEU, KAPENGA, KOBYENGA, T. LARSON, STROEBEL, CRAIG, BERNIER, STRACHOTA, STONE, KLEEFISCH and SANFELIPPO, cosponsored by Senators VUKMIR, GROTHMAN, HARRIS and PETROWSKI. Referred to Committee on Urban and Local Affairs.

Regen

puv

1 AN ACT to amend 119.04 (1); and to create 38.12 (12), 66.0138 and 120.12 (28)
2 of the statutes; relating to: funding postretirement health care benefits of local
3 government employees.

Analysis by the Legislative Reference Bureau

Currently, cities, villages, towns, counties, school districts, and technical college districts (local governments) provide health care benefits for their employees. Some also provide postretirement health care benefits for their employees.

This bill prohibits a local government from providing health care benefits to any employee hired on or after January 1, 2014, for use upon the employee's retirement, including compensated absences but excluding the implicit rate subsidy, unless the cost of the benefit is fully funded in a segregated account on an actuarial basis or other method that complies with generally accepted accounting principles.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

4 SECTION 1. 38.12 (12) of the statutes is created to read: (a)
5 38.12 (12) HEALTH CARE BENEFITS FOR RETIREES. If the district board provides
6 any health care benefits for use upon retirement, including compensated absences

ASSEMBLY BILL 23

SECTION 1

1 but excluding the implicit rate subsidy, to an employee hired on or after January 1,
2 ²⁰¹⁵ ~~2014~~, the district board shall ensure that the cost of the benefits is fully funded in
3 a segregated account on an actuarial basis ²⁻³ or other method that complies with
4 generally accepted accounting principles. *This paragraph does not apply to a*

²⁻⁴ → 5 SECTION 2. 66.0138 of the statutes is created to read: *distinct board that has fewer than 10 employees.*

6 **66.0138 Health care benefits for retirees.** (1) In this section, "political
7 subdivision" means a city, village, town, or county.

8 (2) ^(a) If a political subdivision provides any health care benefits for use upon
9 retirement, including compensated absences but excluding the implicit rate subsidy,
10 to an employee hired on or after January 1, ²⁰¹⁵ ~~2014~~, the political subdivision shall
11 ensure that the cost of the benefits is fully funded in a segregated account on an
12 actuarial basis ²⁻¹² or other method that complies with generally accepted accounting
13 principles. *This paragraph does not apply to a political subdivision that has fewer than 10 employees.*

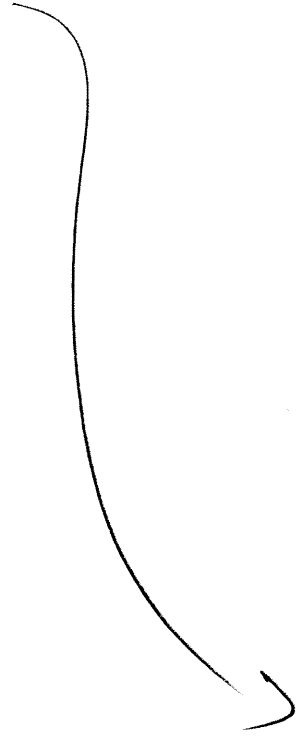
²⁻¹³ → 14 SECTION 3. 119.04 (1) of the statutes is amended to read:

15 119.04 (1) Subchapters IV, V and VII of ch. 115, ch. 121 and ss. 66.0235 (3) (c),
16 66.0603 (1m) to (3), 115.01 (1) and (2), 115.28, 115.31, 115.33, 115.34, 115.343,
17 115.345, 115.363, 115.365 (3), 115.38 (2), 115.415, 115.445, 118.001 to 118.04,
18 118.045, 118.06, 118.07, 118.075, 118.076, 118.10, 118.12, 118.125 to 118.14, 118.145
19 (4), 118.15, 118.153, 118.16, 118.162, 118.163, 118.164, 118.18, 118.19, 118.20,
20 118.223, 118.225, 118.24 (1), (2) (c) to (f), (6), (8), and (10), 118.245, 118.255, 118.258,
21 118.291, 118.292, 118.293, 118.30 to 118.43, 118.46, 118.51, 118.52, 118.55, 120.12
22 (2m), (4m), (5), and (15) to ~~(27)~~ (28), 120.125, 120.13 (1), (2) (b) to (g), (3), (14), (17)
23 to (19), (26), (34), (35), (37), (37m), and (38), 120.14, 120.21 (3), and 120.25 are
24 applicable to a 1st class city school district and board.

25 SECTION 4. 120.12 (28) of the statutes is created to read:

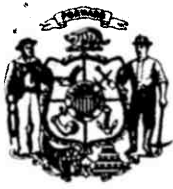
ASSEMBLY BILL 23

1 120.12 (28) HEALTH CARE BENEFITS FOR RETIREES. (a) If the school board provides
2 any health care benefits for use upon retirement, including compensated absences
3 but excluding the implicit rate subsidy, to an employee hired on or after January 1,
4 ^{e 2015} (2014), ensure that the cost of the benefits is fully funded in a segregated account ^a on
5 ^{a (3-5)} an actuarial basis or other method that complies with generally accepted accounting
6 principles. *This paragraph does not apply to a school board that*
7 ~~has fewer than 10 employees.~~ *has fewer than 10 employees.*



~~district~~ school board
¶ (b) If the ~~district~~ dissolves a segregated
established under par. (a) ✓
account, or any portion of such a segregated
school
account, the ~~district~~ board shall provide for
the equitable distribution of the proceeds among
the employees who are beneficiaries of the
benefits funded from the segregated account
or portion thereof. ^{that is dissolved}

(End)



State of Wisconsin
2013 - 2014 LEGISLATURE



LRBa0218/1
EVM:kjf:jm

PG

ASSEMBLY AMENDMENT ,
TO ASSEMBLY BILL 23

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 2, line 3: delete "on an actuarial basis" and substitute "based on an
3 actuarial study conducted at least once every 4 years". 2-3

4 **2.** Page 2, line 11: delete the material beginning with "on" and ending with
5 "basis" on line 12 and substitute "based on an actuarial study conducted at least once
6 every 4 years". 2-12

7 **3.** Page 3, line 4: delete the material beginning with "on" and ending with
8 "basis" on line 5 and substitute "based on an actuarial study conducted at least once
9 every 4 years". 3-5

10 (END)

(2-4)

¶ (b) If the district ^{board} dissolves a segregated
established under par. (a) ✓
account, or any portion of such a segregated
account, the district board shall provide for
the equitable distribution of the proceeds among
the employees who are beneficiaries of the
benefits funded from the segregated account
or ^{thereof} portion that is dissolved.

2-13
~~district~~ political subdivision
~~board~~
¶ (b) If the ~~district~~ dissolves a segregated
established under par. (a) ✓
account for any portion of such a segregated
account, the ~~district board~~ shall provide for
the equitable distribution of the proceeds among
the employees who are beneficiaries of the
benefits funded from the segregated account
or portion thereof. ^{that is dissolved}



State of Wisconsin
2013 - 2014 LEGISLATURE



LRBs0021/2
PG&EVM:kjf:ph

ASSEMBLY SUBSTITUTE AMENDMENT,
TO ASSEMBLY BILL 23

Prof
3/18
jm

Regent

1 AN ACT *to amend* 119.04 (1); and *to create* 38.12 (12), 66.0138 and 120.12 (28)
2 of the statutes; **relating to:** funding postretirement health care benefits of local
3 government employees.

Analysis by the Legislative Reference Bureau

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

4 SECTION 1. 38.12 (12) of the statutes is created to read:
5 38.12 (12) HEALTH CARE BENEFITS FOR RETIREES. (a) If the district board provides
6 any health care benefits for use upon retirement, including compensated absences
7 but excluding the implicit rate subsidy, to an employee hired on or after January 1,
8 2015, the district board shall ensure that the cost of the benefits is fully funded in
9 a segregated account, based on an actuarial study conducted at least once every 4

1 years or other method that complies with generally accepted accounting principles.

2 ~~This paragraph does not apply to a district board that has fewer than 10 employees.~~

3 (b) If the district board dissolves a segregated account established under par.
4 (a) or any portion of such a segregated account, the district board shall provide for
5 the equitable distribution of the proceeds among the employees who are beneficiaries
6 of the benefits funded from the segregated account or portion thereof that is
7 dissolved.

8 **SECTION 2.** 66.0138 of the statutes is created to read:

9 **66.0138 Health care benefits for retirees.** (1) In this section, "political
10 subdivision" means a city, village, town, or county.

11 (2) (a) If a political subdivision provides any health care benefits for use upon
12 retirement, including compensated absences but excluding the implicit rate subsidy,
13 to an employee hired on or after January 1, 2015, the political subdivision shall
14 ensure that the cost of the benefits is fully funded in a segregated account, based on
15 an actuarial study conducted at least once every 4 years or other method that
16 complies with generally accepted accounting principles.

17 ~~This paragraph does not apply to a political subdivision that has fewer than 10 employees.~~

18 (b) If the political subdivision dissolves a segregated account established under
19 par. (a) or any portion of such a segregated account, the political subdivision shall
20 provide for the equitable distribution of the proceeds among the employees who are
21 beneficiaries of the benefits funded from the segregated account or portion thereof
22 that is dissolved.

23 **SECTION 3.** 119.04 (1) of the statutes is amended to read:

24 119.04 (1) Subchapters IV, V and VII of ch. 115, ch. 121 and ss. 66.0235 (3) (c),
25 66.0603 (1m) to (3), 115.01 (1) and (2), 115.28, 115.31, 115.33, 115.34, 115.343,

1 115.345, 115.363, 115.365 (3), 115.38 (2), 115.415, 115.445, 118.001 to 118.04,
2 118.045, 118.06, 118.07, 118.075, 118.076, 118.10, 118.12, 118.125 to 118.14, 118.145
3 (4), 118.15, 118.153, 118.16, 118.162, 118.163, 118.164, 118.18, 118.19, 118.20,
4 118.223, 118.225, 118.24 (1), (2) (c) to (f), (6), (8), and (10), 118.245, 118.255, 118.258,
5 118.291, 118.292, 118.293, 118.30 to 118.43, 118.46, 118.51, 118.52, 118.55, 120.12
6 (2m), (4m), (5), and (15) to ~~(27)~~ (28), 120.125, 120.13 (1), (2) (b) to (g), (3), (14), (17)
7 to (19), (26), (34), (35), (37), (37m), and (38), 120.14, 120.21 (3), and 120.25 are
8 applicable to a 1st class city school district and board.

9 **SECTION 4.** 120.12 (28) of the statutes is created to read:

10 120.12 **(28)** HEALTH CARE BENEFITS FOR RETIREES. (a) If the school board provides
11 any health care benefits for use upon retirement, including compensated absences
12 but excluding the implicit rate subsidy, to an employee hired on or after January 1,
13 2015, ensure that the cost of the benefits is fully funded in a segregated account,
14 based on an actuarial study conducted at least once every 4 years or other method
15 that complies with generally accepted accounting principles. ~~This paragraph does~~

16 ~~not apply to a school board that has fewer than 10 employees.~~ ~~excluding school board~~
~~members~~

17 (b) If the school board dissolves a segregated account established under par. (a)
18 or any portion of such a segregated account, the school board shall provide for the
19 equitable distribution of the proceeds among the employees who are beneficiaries of
20 the benefits funded from the segregated account or portion thereof that is dissolved.

21 (END)

~~is full time equivalent~~